

The Commonwealth of Massachusetts Auditor's dept.

DEPARTMENT OF THE AUDITOR

ANNUAL REPORT

FOR THE

Year Ending November 30, 1937



FEB 16 1939

DEPARTMENT OF THE AUDITOR

ANNUAL REPORT

To the Honorable Senate and House of Representatives:

I have the honor to submit my third annual report for the year ended November 30, 1937. As Auditor of the Commonwealth, I desire to make the following recommendations to improve the efficient conduct of the business of the Commonwealth. These recommendations, with a brief summary as to their value, are as follows:

1. Transfer of the Division of Accounts from the Department of Corporations and Taxation to this department.

2. To provide for concurrent power with the Division of Accounts in the auditing of expenditures by the Commonwealth insofar as any payment is made to a city or town of any state funds.

3. Transfer the duties of the Comptroller's Bureau to the Department of the Auditor.

4. Grant concurrent power to the Auditor's office with the Department of Administration and Finance in connection with chapter 7, section 7, general economy and promotion of economy and efficiency.

5. Transfer to the Auditor's Department duties of the Comptroller now contained in chapter 7, sections 16 and 17, installation of accounting systems and procedure.

6. Authorize the Auditor to fix the salary of the Second Deputy Auditor.

In connection with the first recommendation, it is my belief that all auditing of the Commonwealth should be centralized in one department, the primary duties of which are concerned with the auditing of the accounts of not only the departments and institutions, but as well the units of the government, cities and towns. It is my belief that the auditing of the municipal accounts is properly the concern of an elective officer whose responsibility is to the people of the Commonwealth rather than the responsibility of a department official responsible to the Governor, the appointing power.

In connection with the second recommendation, it is my belief the state should be directly concerned with any grants given to any municipality in accordance with the purpose for which the grant was intended.

The recommendation as to the transfer of the duties of the Comptroller's office is in accordance with my belief that the control of payments from the funds of the Commonwealth should rest with an elected official responsible directly to the people rather than with an official appointed by the Governor and a co-member of the board responsible in great part for the incurring of state expenditures. The Auditor, through his direct control of expenditures, could more satisfactorily check extravagant and unwise expenditures through refusal to approve such incurred expenditures. At the present time, under the system of state payments, any unwise expenditures which are noted in connection with our examination of the accounts of the state departments and institutions have already been paid. Our correction of such payment is subject to recommendation to the Comptroller's Office, which has, under the present system, already approved the bill, and seldom, if ever, changes its original decision.

In addition, examination will show that under the present system if the Comptroller is under the impression the bill should not be paid, or expenditure should not be incurred, such expenditure is submitted on a separate schedule to the Governor and Council. Up to the present time rarely, if ever, has it been found that the Governor and Council have followed the recommendation of the Comptroller in refusing to approve such expenditure.

In addition, the power of the Auditor, an elective official, to make such essential changes as he believes beneficial to the people of the Commonwealth, is subject to the approval or disapproval of the Comptroller, who in no respect is responsible to the people.

In connection with the increasing scope of the work of the Department of the Auditor, it is my belief that we could offer recommendations to the Governor and Council for certain possible economies to be effected in the state government in the event that the Commission on Administration and Finance does not function under this particular section.

In connection with the installation of the accounting systems, it is my belief that if power were given to the auditor's office, that certain changes could be made in accounting systems at the time of audit rather than necessitating duplicated work by the Comptroller's Bureau.

The recommendation to permit the Auditor to fix the salary of the Second Deputy Auditor will bring such authority in keeping with the present statute providing for the setting of the salary of the First Deputy Auditor. At the present time certain employees of the department, through reclassification, are paid at a higher rate of salary than their immediate superior, the Second Deputy Auditor.

Copies of each report have been submitted to the head of each institution, the head of each department, to the Comptroller and to the President of the Senate and the Speaker of the House of Representatives. I also enclose herewith a copy of various recommendations and comments made in these reports.

Since the last annual report, John P. Mahoney was promoted to the position of senior clerk from the classification of junior clerk.

Since the last report, the following audits have been made by this department:

AUDITS FOR 1937 FISCAL YEAR

Governor and Council:		
Adjutant General.....	Nov. 2, 1936	Nov. 12, 1937
Alcoholic Beverages Control Commission.....	Sept. 25, 1936	Sept. 13, 1937
Armory Commission.....	Dec. 1, 1936	Nov. 12, 1937
Art Commission for the Commonwealth.....	Nov. 17, 1936	Apr. 27, 1937
Ballot Law Commission.....	Nov. 23, 1936	Apr. 27, 1937
Commissioners on Uniform State Laws.....	Nov. 24, 1936	Apr. 27, 1937
Comptroller's Bureau.....	Dec. 1, 1935	Nov. 30, 1936
Military Reservation Commission.....	Dec. 1, 1936	Nov. 12, 1937
Public Request Commission.....	Oct. 31, 1936	Apr. 21, 1937
Purchasing Bureau—Supply Room.....	Dec. 1, 1935	Nov. 30, 1936
Soldiers' Home in Massachusetts.....	Mar. 13, 1936	Jan. 14, 1937
Commissioner of State Aid and Pensions.....	Nov. 16, 1936	Nov. 26, 1937
State Library.....	Jan. 15, 1936	Dec. 15, 1936
State Planning Board.....	Oct. 30, 1936	May 20, 1937
State Racing Commission.....	Dec. 1, 1936	Nov. 30, 1937
State Superintendent of Buildings.....	Oct. 28, 1936	Sept. 27, 1937
Legislative Department:		
Attorney General.....	Feb. 5, 1936	June 3, 1937
Secretary of the Commonwealth.....	Nov. 5, 1936	Oct. 22, 1937
Commission on Interstate Co-operation.....	Aug. 29, 1937	Nov. 22, 1937
Sergeant-at-Arms.....	Sept. 8, 1936	June 18, 1937
Treasurer and Receiver-General.....	Dec. 1, 1935	Nov. 30, 1936
Board of Tax Appeals.....	Sept. 1, 1936	May 29, 1937
Emergency Public Works Commission.....	Dec. 1, 1935	Nov. 30, 1936
State Board of Retirement.....	Jan. 1, 1936	Dec. 31, 1936
Department of Agriculture.....	Dec. 27, 1935	Jan. 11, 1937
Division of Livestock Disease Control.....	May 22, 1936	Jan. 12, 1937
Milk Control Board.....	June 22, 1936	Feb. 8, 1937
Department of Conservation:		
Division of Fisheries and Game.....	Apr. 2, 1936	June 16, 1937
Division of Forestry.....	July 1, 1936	July 1, 1937
Department of Banking and Insurance:		
Division of Banks.....	Jan. 14, 1936	Feb. 1, 1937
Division of Insurance.....	Dec. 1, 1935	Nov. 30, 1936
Supervisor of Loan Agencies.....	Jan. 22, 1936	Dec. 9, 1936
Division of Savings Bank Life Insurance.....	Sept. 19, 1936	May 3, 1937
Department of Corporations and Taxation:		
Income Tax, General Department.....	Dec. 1, 1935	Nov. 30, 1936
Appellate Tax Board.....	May 28, 1937	Sept. 10, 1937
Division of Accounts.....	July 28, 1936	Nov. 12, 1937
Department of Education:		
General Department.....	Oct. 1, 1936	Sept. 7, 1937
Teacher's Retirement Board.....	Jan. 1, 1936	Dec. 31, 1936
Division of the Blind.....	Dec. 20, 1935	Dec. 12, 1936
Massachusetts Nautical School.....	Mar. 17, 1936	Mar. 18, 1937
State Teachers College at Bridgewater.....	Mar. 27, 1936	May 24, 1937
State Teachers College at Fitchburg.....	May 4, 1936	Nov. 17, 1937
State Teachers College at Frammingham.....	June 11, 1936	May 19, 1937
State Teachers College at Hyannis.....	June 25, 1936	July 2, 1937
State Teachers College at Lowell.....	Feb. 6, 1936	Mar. 29, 1937

State Teachers College at North Adams	Sept. 14, 1936	May 28, 1937
State Teachers College at Salem	Feb. 11, 1936	Feb. 23, 1937
State Teachers College at Westfield	Sept. 8, 1936	May 20, 1937
State Teachers College at Worcester	Mar. 5, 1936	June 9, 1937
Massachusetts School of Art	Aug. 31, 1936	June 10, 1937
Massachusetts State College	Dec. 1, 1935	Nov. 30, 1936
Bradford Durfee Textile School	Jan. 31, 1936	Mar. 17, 1937
Lowell Textile Institute	June 24, 1936	July 19, 1937
New Bedford Textile School	Jan. 9, 1936	May 3, 1937
Department of Civil Service and Registration	Nov. 9, 1936	Oct. 18, 1937
Board of Registration of Barbers	Mar. 11, 1936	Apr. 30, 1937
Board of Registration of Certified Public Accountants	Mar. 12, 1936	May 28, 1937
Board of Dental Examiners	Sept. 25, 1936	Mar. 16, 1937
State Examiners of Electricians	Sept. 23, 1936	Sept. 9, 1937
Board of Registration in Embalming	Oct. 3, 1936	Jan. 20, 1937
Board of Registration of Hairdressers	Nov. 30, 1936	Oct. 28, 1937
Board of Registration in Medicine and Chiropody	Mar. 18, 1936	May 22, 1937
Board of Registration of Nurses	Mar. 18, 1936	May 22, 1937
Board of Registration in Optometry	Sept. 25, 1936	Mar. 16, 1937
Board of Registration in Pharmacy	Sept. 8, 1936	May 7, 1937
Board of Registration of Plumbers	Sept. 18, 1936	April 6, 1937
Board of Registration in Veterinary Medicine	Nov. 12, 1936	Oct. 7, 1937
Department of Labor and Industries:		
General Department	Oct. 8, 1936	Oct. 13, 1937
Division of Standards	Oct. 8, 1936	Sept. 27, 1937
Labor Relations Commission	Aug. 26, 1937	Nov. 20, 1937
Unemployment Compensation Commission	Oct. 30, 1936	Nov. 22, 1937
Department of Industrial Accidents	Jan. 2, 1936	Dec. 31, 1936
Department of Mental Diseases:		
General Department	July 1, 1936	Mar. 1, 1937
Belchertown State School	Feb. 26, 1936	Nov. 15, 1937
Boston Psychopathic Hospital	Feb. 19, 1936	Mar. 1, 1937
Boston State Hospital	Mar. 30, 1936	Feb. 6, 1937
Danvers State Hospital	Nov. 20, 1936	Aug. 25, 1937
Foxborough State Hospital	Aug. 5, 1936	Nov. 1, 1937
Gardner State Hospital	July 7, 1936	June 14, 1937
Grafton State Hospital	Oct. 1, 1936	Sept. 30, 1937
Medfield State Hospital	Mar. 9, 1936	Apr. 1, 1937
Metropolitan State Hospital	Nov. 19, 1936	Oct. 1, 1937
Monson State Hospital	Sept. 24, 1936	Oct. 4, 1937
Northampton State Hospital	Feb. 3, 1936	Nov. 8, 1937
Taunton State Hospital	Apr. 30, 1936	Aug. 19, 1937
Walter E. Fernald State School	Oct. 29, 1936	Apr. 30, 1937
Westborough State Hospital	Oct. 22, 1936	Sept. 1, 1937
Worcester State Hospital	Aug. 17, 1936	July 19, 1937
Wrentham State Hospital	July 1, 1936	July 1, 1937
Department of Correction:		
General Department	Nov. 4, 1936	Aug. 17, 1937
Massachusetts Reformatory	Dec. 1, 1935	Nov. 30, 1936
Reformatory for Women	Dec. 1, 1935	Nov. 30, 1936
State Farm	Sept. 21, 1936	Sept. 28, 1937
State Prison	Dec. 1, 1935	Nov. 30, 1936
State Prison Colony	Apr. 27, 1936	May 25, 1937
Department of Public Welfare:		
General Department	June 1, 1936	June 1, 1937
Boys' and Girls' Parole Department	Feb. 3, 1936	July 1, 1937
Industrial School for Boys	May 21, 1936	June 8, 1937
Industrial School for Girls	May 11, 1936	Apr. 30, 1937
Lyman School for Boys	Sept. 30, 1936	Sept. 20, 1937
Massachusetts Hospital School	July 1, 1936	June 9, 1937
State Infirmary	Sept. 14, 1936	Oct. 27, 1937
Department of Public Health:		
General Department	Sept. 21, 1936	Nov. 9, 1937
Lakeville State Sanatorium	Feb. 25, 1936	Apr. 1, 1937
North Reading State Sanatorium	Apr. 6, 1936	Mar. 16, 1937
Rutland State Sanatorium	July 3, 1936	June 29, 1937
Westfield State Sanatorium	Aug. 17, 1936	Sept. 13, 1937
Pondville Cancer Hospital	June 4, 1936	Apr. 27, 1937
Department of Public Safety:		
General Department	Dec. 11, 1935	June 25, 1937
Department of Public Works:		
General Department	May 1, 1936	Apr. 1, 1937
Registry of Motor Vehicles	Jan. 6, 1936	Jan. 27, 1937
Department of Public Utilities:		
General Department	Jan. 22, 1936	May 26, 1937
Metropolitan District Commission:		
General Department	Dec. 1, 1935	Nov. 30, 1936
Division of Metropolitan Planning	Oct. 7, 1936	May 19, 1937
Metropolitan District Water Supply Commission	Oct. 13, 1936	Oct. 1, 1937
Town of Prescott	July 25, 1928	Aug. 24, 1937

Respectfully submitted,

THOMAS H. BUCKLEY,
Auditor of the Commonwealth.

COMMENTS AND RECOMMENDATIONS MADE IN AUDIT REPORTS

ADJUTANT GENERAL'S DEPARTMENT

During the audit it was learned from affidavits and other memoranda on file in the office of the Adjutant General, that seven payments totaling \$194.85, made at the Camp Curtis Guild Rifle Range, from June 23, 1935 to August 4, 1935, were open to question. The vouchers stated that the payments were made for target service, but affidavits and other data on file in the office of the Adjutant General indicated that the range was not used by the military units specified on the dates mentioned. Under authority granted by chapter 291 of the Acts of 1925, a charge of \$1.25 per hour for use of a range has been established and also a charge of 80 cents per hour for target service—the men hired for target service are paid 60 cents per hour. As the military units listed on the questionable vouchers are stationed in the City of Boston, that city was charged a total of \$259.80 for target service and \$370.94 for the time or \$630.74. In other words, by presenting the vouchers in question, the person involved got \$194.85 to which he was not entitled, and the City of Boston was charged and paid, based on the same vouchers \$630.74.

This matter was called to the attention of the present Adjutant General, who tried to have restitution made. Apparently this request was ignored, as by letter of May 18, 1938 the State Quartermaster forwarded to the State Comptroller a check drawn by the United States Fidelity and Guaranty Company for \$194.85—all National Guard officers being bonded for the faithful performance of duty.

It is recommended that legislation be requested authorizing a refund of \$630.74 to the City of Boston.

ALCOHOLIC BEVERAGES CONTROL COMMISSION

Seized Liquor and Liquor Purchased for Use as Evidence.—It is suggested that the Commission request legislation to provide for the disposition of liquors now on hand and any future accumulation of seized or purchased liquor.

It is also suggested that Retailers' special disposal permits and permits to individuals to import liquors be printed in the form of serially numbered original and carbon copy permits.

COMPTROLLER'S BUREAU

House Bill 500.—It was noted that House Bill 500, the abstract of the Report of the Commission on Administration and Finance shows free cash on November 30, 1936 of \$1,700,370.39 and does not mention that of this amount \$1,471,215.29 is in closed banks—it is suggested that the amount in closed banks be transferred from the cash book balance to a general ledger account.

It was also noted that House Bill 500 makes no mention of a loss of \$24,676.25 in interest on Atlantic City, New Jersey, bonds.

Fixed Property Account.—It was noted that the fixed property account in the general ledger was increased by \$5,671,906.07, without a majority vote of the whole board and a written certification to that effect, as is apparently required by section 31 of chapter 7 of the General Laws.

PURCHASING BUREAU—SUPPLY DEPARTMENT

It is suggested that \$10,000 of the balance of \$11,464.11 in the surplus account on the close of business November 30, 1936 be transferred to general revenue. Apparently the only income accruing to the Supply Department is discount on purchases and it is this discount which has built up the surplus account.

SOLDIERS' HOME IN MASSACHUSETTS

Legacy Fund.—On October 23, 1935 by vote of the board of trustees, the custody of the Legacy Fund was given to the Old Colony Trust Company—the trust company handles all transactions subject to the approval of the trustees. As stated in the previous audit report the propriety of the transfer of the custody of the fund to the Old Colony Trust Company seems to be open to question and certainly there

would appear to be no justification for paying the Old Colony Trust Company for their services—during the period under examination the Old Colony was paid \$177.56. It is again suggested that the question of the propriety of this arrangement be referred to the Attorney General.

Effects Fund.—Apparently the Effects Fund is made up of monies belonging to deceased members of the Home and there is no detailed record to support the total of \$5,194.67, the balance in the fund on January 14, 1937. There have been no transactions in this fund since December 1, 1934 the date the Home became a state institution and it is therefore suggested that the funds be transferred to the State Treasurer, as apparently it is similar to funds of escheated estates. In this connection it is also suggested that the Attorney General be requested to rule what disposition should be made of similar monies in the future.

STATE RACING COMMISSION

Reduction in License Fee.—It was noted that on April 2, 1937, by unanimous vote of the State Racing Commission, the association license fee for running horse racing meets was reduced from \$1,000 to \$400 for each day. This resulted in decreasing the income to the State from Suffolk Downs by \$32,400 and from Agawam by \$21,600 or a total reduction of \$54,000.

State's Share of Commissions on Dog Racing Handle.—It is again suggested that the State's share be materially increased, at present the commission is 15% of which the State gets only 3½%, the remainder or 11½% being retained by the racing association.

Outstanding Tickets.—It was noted that reports from the racing associations, on file in the office of the Commission, show outstanding winning tickets totaling \$93,119.30 on account of the 1935, 1936 and 1937 racing seasons. It is again suggested that this money should be turned over to the State Treasurer and that any claims for payment should be presented to the Commonwealth either directly or through the State Racing Commission.

STATE SUPERINTENDENT OF BUILDINGS

It is recommended that the State Employees Cooperative Bank and State Employees Credit Union (private organizations operated for profit) be removed from the State House and the floor space so gained assigned to some of the state departments now located in privately owned buildings, which will to that extent reduce the amount of rent paid.

It is also recommended that the concession for a restaurant, barber shop and candy stand, which are now granted rent free, be leased to the highest bidder, bids to be advertised for in the daily press.

SECRETARY OF THE COMMONWEALTH

General Records.—It is noted that no general ledger is kept—it is again suggested that the Comptroller's Bureau be requested to provide a general ledger.

It is also suggested that when serially numbered certificate forms are printed in the future the fee be printed on the face of the form—the forms now in use do not show the fee.

Vital Statistics.—It is suggested that the Comptroller's Bureau be requested to provide a columnar cash book, with one column reserved for each type of income, and that the serial numbers of the regular certificates issued be shown in this cash book. Regular certificates issued do not show in any way the fee charged. It is suggested that in the future when certificates are ordered from the printer, the amount of the fee be plainly printed upon the certificates.

SERGEANT-AT-ARMS

It is suggested that legislative counsel and agents required under the provisions of sections 39, 40 and 41 of chapter 3 of the General Laws to register with the Sergeant-at-Arms also be required to pay a reasonable fee.

It is recommended that the Comptroller's Bureau be requested to install the regular system of state accounting in this department.

TREASURER AND RECEIVER-GENERAL

Closed Banks.—It is noted that the cash balance includes \$1,471,215.29 on deposit in closed banks, of which \$60,471.40 now represents stock in reorganized banks. It is suggested that the total amount in closed banks be transferred from the cash book balance to a general ledger account, so that the cash book balance may represent cash actually available for disbursement. Legislation may be necessary to accomplish this.

Interest Loss—Atlantic City, New Jersey, Bonds.—It was noted that apparently \$24,676.25 was the amount of interest loss on these bonds under a refunding plan.

DEPARTMENT OF AGRICULTURE

Increased Revenue.—It is suggested that a survey be made to determine the possibility of increasing the income accruing to this department.

Milk Dealers' Bond Deposits.—It is suggested that an account be opened in the Milk Dealers' Bond Deposit Ledger when the application and fee for a license is received—if this suggestion is followed there will then be an account in the ledger for each dealer. It is suggested that when collateral is disposed of that the proceeds be entered as a receipt on the departmental cash book and that payments from this money also be entered on this cash book.

DIVISION OF LIVESTOCK DISEASE CONTROL

It is again suggested that consideration be given to making a reasonable charge for cattle treated for blackleg aggression and for inoculation of hogs against cholera—at present no charge is made. In this connection it was noted that the director of the division recommended such charges in a letter to the Commissioner of Agriculture under date of May 27, 1936.

It is also again suggested that the present fee of \$5 for a bovine cattle dealer's license might possibly be increased.

MILK CONTROL BOARD

In reading this report it must be borne in mind that due to the fact that the licenses as printed did not show whether the license was subject to a fee, or was issued without charge, and because field men were allowed to make collections and were not provided with serially numbered triplicate receipt books, and when such field men turned over their collections to the business office receipts were not passed back and forth, and further because of the fact that out of a total of approximately 22,000 stores in Massachusetts subject to license, only approximately 8,000 licenses were actually issued, it is impossible to state definitely that all income accruing to the board has been accounted for.

In order to correct this situation it is recommended that

For all types of licenses issued a separate series for fee licenses and no fee licenses should be printed. In the case of fee licenses the amount of the fee should be plainly printed on the license form, and in the case of no fee licenses that fact should be plainly indicated on the license form.

If field men are to be permitted to make collections, they should be provided with serially numbered triplicate receipt book forms for use when making collections. A careful record should be kept in the office of the receipt books issued to each field man and a periodic checkup of such serially numbered receipt books should be made. When the field man brings his collections to the office a copy of the above-mentioned serially numbered triplicate receipt form should accompany each item and such returns should be made only to someone properly designated clerk. This clerk should be provided with a serially numbered duplicate copy receipt book and he should actually make out and give to the field men a receipt for all monies received, this receipt to show in turn the numbers of the triplicate serially numbered receipt forms included in the return by the field men.

That every possible effort be made to collect a fee from and issue to all stores coming within the provisions of the license act, a store license for the 1937-1938 license year, and further that as the 1937-1938 licenses are actually issued, that in all cases where the store in question was not licensed for the 1936-1937 year, that before the issuance of the 1937-1938 license, the store be required to apply for and pay for a 1936-1937 license.

Compensation of Board Members.—It was noted that section 4 of chapter 376 of the Acts of 1934 states:

"Each member of the board shall receive from the Commonwealth the sum of ten dollars, as compensation for each day's attendance at board meetings and his actual expenses for necessary travel."

The minutes of the board meetings and the pay rolls were examined for the period of June 1, 1936 to February 8, 1937 and it appears that members of the board were paid for certain days on which the minutes of the board do not indicate that board meetings were held, as follows:

Mr. O'Brien.....	66 days
Mr. Shattuck.....	43 days
Mr. Pedonti.....	1 day

Section 6 (4) of chapter 376 of the Acts of 1934 states:

"The board, or any member or authorized agent thereof, may hold hearings at such places and at such times as it deems necessary to administer this act."

An effort was made to find out if hearings were held before the board members on the days for which they were paid and for which the minutes of the board do not show that board meetings were held. Due to the fact that the only record of hearings is a memorandum filed in the respective milk dealers' folder, it is impossible to state definitely that hearings were not held on any of the days in question, but it would appear from the cases traced that hearings within the ordinarily accepted definition of the word were not held on the days mentioned.

It is therefore recommended that unless the board members can show that hearings within the accepted meaning of the word were held on the days in question that the board members concerned reimburse the Commonwealth as follows:

Mr. O'Brien.....	66 days @ \$10 00 a day.....	\$660 00
Mr. Shattuck.....	43 days @ \$10 00 a day.....	430 00
Mr. Pedonti.....	1 day @ \$10 00 a day.....	10 00
		<hr/> \$1,100 00 <hr/>

Failure to License All Stores.—Although the board itself, during the fiscal year of 1936, determined that approximately 20,000 stores throughout the Commonwealth selling milk were properly subject to licensing by the board, for the license year of July 1, 1936 to July 1, 1937, as late as October 1, 1937 only approximately 12,000 licenses had actually been issued. Of the approximate 20,000 stores subject to licensing for the license year of July 1, 1937 to July 1, 1938, up to October 1, 1937 only about 6,000 licenses had been actually issued. Obviously if the board decided that from the point of view of control or otherwise it is desirable to license all stores selling milk, the value of such licensing is lost unless the licenses are actually issued shortly after the beginning of the license period.

Additional Cost Study Surveys.—The Legislature, when it passed the 1937 appropriation, deleted the item for additional cost study survey. However, in spite of this, which was in effect an order from the Legislature forbidding expenditures for this purpose, the board actually expended from December 1, 1936 to October 1, 1937 the sum of \$1,027.50 for additional cost study surveys.

Employment of Private Accounting Firms.—The board employs a private accounting firm to make the audits of the accounts of certain of the larger milk dealers. A representative of the board stated this practice is necessary because there are no accountants in the employ of the board capable of making such audits. The board should have within its own organization accountants fully capable of making any audit required and it is recommended that the employment of private accounting firms be discontinued.

Employment of Outside Mailing Service.—During the 1937 fiscal year up to September 1, the board has expended \$1,056.94 for the services of outside mailing and stenographic concerns, of which about \$500 is for the transcribing of hearings and the balance for mailing. No reason can be seen why the board should not be able to do such work with its own employees.

Advance Money.—It is recommended that the board be required to reimburse the Commonwealth for the \$100 of advance money, which it has been unable to get back from a former employee.

DEPARTMENT OF CONSERVATION

DIVISION OF FISHERIES AND GAME

It was noted that for the 1936 fiscal year the receipts account of income for the entire division amounted to \$294,561.79 as compared with disbursements under appropriations of \$419,382.86. It is again suggested that the various services now being rendered to the public be reviewed to determine if there are any for which no charge is made but for which a fee might properly be established.

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF BANKS

It is again suggested that if deemed advisable the statutes relative to examination of savings banks by the Bank Commissioner be amended to permit a charge being made.

It is also suggested that consideration be given to the thought of increasing the charges for examinations of other types of banks and credit unions, so that the division may be more nearly self-supporting.

DIVISION OF INSURANCE

A statement was compiled showing the relation of disbursements under appropriations with receipts account of income for the ten-year period ended November 30, 1936, a summary of which follows:

COMPARATIVE STATEMENT OF RECEIPTS AND DISBURSEMENTS

Ten-Year Period Ended November 30, 1936

	<i>Receipts</i>	<i>Disbursements</i>	<i>Excess of Receipts over Disbursements</i>	<i>Excess of Disbursements over Receipts</i>
1927.....	\$321,181 72	\$144,874 59	\$176,307 13	—
1928.....	316,742 52	152,513 61	164,228 91	—
1929.....	311,173 31	190,887 07	120,286 24	—
1930.....	310,872 87	209,188 04	101,684 83	—
1931.....	306,324 17	229,157 30	77,166 87	—
1932.....	295,111 85	229,022 91	66,088 94	—
1933.....	283,996 22	220,051 01	63,945 21	—
1934.....	272,380 98	231,964 00	40,416 98	—
1935.....	273,339 11	268,977 10	4,362 01	—
1936.....	276,514 02	315,294 79	—	\$38,780 77

It is suggested that the legislature be requested to authorize either the increase of existing fees or the establishment of new fees to the extent necessary to make the division self-supporting.

DIVISION OF SAVINGS BANK LIFE INSURANCE

Special Fund.—It was noted that in addition to the state appropriations the following funds, for which no statutory authority could be found, are in the custody of the division:

Special Expense Fund
Medical Director's Account
Premium Account

The special expense fund, made up of contributions from member banks, is used to supplement the state appropriation. The medical director's account consists of monies received from member banks for paying physicians for medical examinations of applicants for insurance.

The premium account represents premiums paid at the office and later transferred to the proper savings bank.

The propriety and legality of these three accounts would seem to be open to question, and it is recommended that the Commission on Administration and Finance be requested to rule on this matter.

Cost of Paper.—Under the arrangement used by the Commonwealth for regular state departments, all paper purchases necessary for printing are made by an appropriation granted to the Commission on Administration and Finance, which in turn allots paper to the various state departments on the basis of approved printing purchase orders. In this connection it is noted that this department had allotted to it paper valued as follows since December 1, 1934:

1935 Fiscal Year.....	\$1,110 44
1936 Fiscal Year.....	1,115 58
1937 Fiscal Year.....	1,333 62
	<hr/>
	\$3,559 64

In view of the fact that the cost of the printing was borne by the banks through reimbursement of the annual departmental expenditures, no reason can be seen why the cost of the paper involved should not also have been assessed in the same manner.

DEPARTMENT OF CORPORATIONS AND TAXATION

INCOME TAX DIVISION

In connection with checking the unpaid individual taxpayers' accounts to the trial balance of November 30, 1936, it was noted that there were 35 accounts showing unpaid inheritance taxes dating from 1911 to 1922. It is understood that all of these cases were referred to the Attorney General in 1925. It is again suggested that these accounts be resubmitted to the Attorney General together with all other accounts on which collection is long overdue.

DIVISION OF ACCOUNTS

Municipal Audits.—It was noted that the accounts of 46 municipalities had not been audited within the two-year period, as is apparently required by section 40 of chapter 44 of the Tercentenary Edition of the General Laws.

County Audits.—It was noted that apparently there is no provision in the statutes for assessing the counties the expenses of county audits—it is again recommended that such legislation be requested.

DEPARTMENT OF EDUCATION

Uncollected University Extension Fees.—In testing the names on the class attendance records to the enrollment lists, 16 cases totaling \$119 were found where the attendance records showed the students attended classes but the enrollment lists showed no record of any fees being paid nor were there any applications or addresses in the files. Also seven cases were found where the total fees payable amounted to

\$44 but only \$23 was actually paid, leaving \$21 due. In other words the records show that fees totaling \$140 have never been collected. The Department should immediately provide a system of cross-checking to insure that all income accruing to the Commonwealth is collected.

Obsolete Text Books.—The previous audit report stated that on October 1, 1936 obsolete books valued at \$1,215.05 were on hand. During the period under audit books having a cost value of \$990.18 were sold for \$203.81 and books having a cost value of \$7.70 were destroyed as unsalable. Careful buying and rigid adherence to the return book privilege clause would probably have prevented the accumulation of the obsolete books and the subsequent loss of \$794.07.

TEACHER'S RETIREMENT BOARD

It was noted that \$16,265 of accrued interest on Atlantic City, New Jersey, bonds was charged off to surplus, due to a refunding plan which reduced the interest rate. Through a misunderstanding of the revised interest rates this amount was \$1,050 more than the actual loss—it is understood that a correcting entry will be made in the 1937 year accounts.

STATE TEACHERS COLLEGE AT FRAMINGHAM

It is again suggested that the Comptroller's Bureau be requested to install some system for handling transient board including conference receipts, chemistry breakage, and library fines, which will provide for a reasonable control over income accruing from these sources.

STATE TEACHERS COLLEGE AT WESTFIELD

Permanent Board.—It was noted that receipts account of permanent board decreased from \$37,801.12 in 1927 to \$3,616.35 in 1936, and that at present only eight students live in the dormitory (dormitory built to accommodate 100 students.) It is suggested that a survey be made to determine the future possible use of the dormitory.

STATE TEACHERS COLLEGE AT WORCESTER

Commission on Telephone Pay Stations.—The previous audit report suggested that the question of commissions on telephone pay station receipts be taken up with the telephone company—this suggestion has not been followed, therefore it is again suggested that this be done.

Towel Fund.—The previous audit report suggested that the balance of \$705.24 in the "Towel Fund" be reverted to the State Treasurer as income—this suggestion has not been carried out, and it is now suggested that the Comptroller's Bureau rule as to legality and the operation of this fund.

MASSACHUSETTS SCHOOL OF ART

In connection with the examination of the accounts of the Art School Associates, Inc., it was noted that the association was incorporated on May 3, 1935—the propriety of incorporating an activity operating on state property seems open to question.

MASSACHUSETTS STATE COLLEGE

Trust Funds

Failure to Comply with Terms of Certain Trust Fund Bequests.—It was noted that in certain trust funds, although the terms of the bequest provide that the income shall be spent annually for certain purposes, that the income has not been expended annually, but has been allowed to accumulate. An example is the Danforth Keyes Bangs Fund—the original bequest was \$6,000 and on November 30,

1936 the fund showed a balance of \$7,070.79, in addition there was \$9,650.82 of unexpended income on hand. It is the opinion of this department that in such cases the intent of the donor has not been complied with and it is recommended that in the future the funds be handled strictly in accordance with the terms and intent of the bequest.

Improper Appointment of Trust Agent.—On January 22, 1937, the college, through the Finance Committee of the Board of Trustees, entered into an agreement with the Springfield Safe Deposit and Trust Company, whereby the Springfield Safe Deposit and Trust Company became the "Agent" for the college and custodian of all Endowment Securities with the exception of the deposits in the Amherst Savings Bank and the real estate mortgage of the Theta Corporation of the Theta Chi Fraternity. The agreement provided that the Springfield Safe Deposit and Trust Company shall receive for its services as "Agent" reimbursement for all expenses incurred and compensation not exceeding three per cent (3%) of the gross income received by it. The compensation and the expenses to be paid quarterly. Section 7 of chapter 75 of the General Laws apparently prohibits such an arrangement, and certainly there is no reason why the Springfield Safe Deposit and Trust Company should be paid for services which by law the trustees are required to render.

Improper Payments from Trust Funds.—It was noted that in January 1936 trustee Philip F. Whitmore was paid \$100 from the income on the Wheeler Fund for services as financial adviser during the 1935 fiscal year. This payment was made after the Comptroller's Bureau had refused to allow it as a charge against the maintenance appropriation. Apparently the payment is in violation of section 20 of chapter 15 of the General Laws and it is recommended that Mr. Whitmore be requested to return the money and that no future payments of this kind be made. There were numerous other payments for lunches, out-of-state travel, extra compensation, etc., from trust fund income which appear to be improper.

STATE ACCOUNTS

Overtime.—The daily time reports which are the basis from which the pay rolls are compiled were examined. In this connection a serious violation of the college rules relative to the 48-hour week and overtime was noted. The college rule provides that time worked in addition to 48 hours a week shall be compensated for by time off, to be taken within the week following the period when the overtime work was performed. Apparently two employees in the power plant were employed by the chief engineer to do work on his own personal property and the time records were so arranged as to show that the days when the men were employed on the engineer's personal property were days they were entitled to take off as compensation for overtime previously worked. Attention is called to the fact that because of this arrangement the college boiler plant was deprived of the services of the two employees in question during the regular working hours on certain days to the benefit of the chief engineer.

Financial Report.—It is suggested that the Comptroller's Bureau be requested to revise the monthly financial report so that inter-departmental transfers and gross expenditures will show—at present only net expenditures appear in the report.

Pay Rolls.—It is again suggested that all disbursements for salaries or wages be shown on one pay roll.

General Expense Department.—The materials and supplies control account in the general ledger showed as of November 30, 1936 a balance of \$23,887.68 and the physical inventory taken by the college authorities totaled only \$22,697.98 or a shortage of \$1,189.70, which appears to be a rather large variance.

Farm Report.—It is again noted that there is no place where the financial transactions and results of the various farming activities are gathered together, and it is suggested that the Comptroller's Bureau be requested to provide for an annual farm report.

Other Funds

Dining Hall and College Store.—Apparently there is no statutory authority for the dining hall or the college store, and it would seem that the retention at the college of the receipts on account of these funds is contrary to the provisions of Article 53, section 1 of the state constitution and section 27 of chapter 30 of the General Laws.

BRADFORD DUFFEE TEXTILE SCHOOL

Laboratory Tests.—In connection with the laboratory tests now being made free for Massachusetts manufacturers and others, attention is called to section 46a of chapter 74 of the General Laws, which apparently provides that the school shall charge for making such tests.

Instructors' Lecture Sheets.—It is noted that the so-called instructors' lecture sheets are issued to the students without charge, whereas in at least one of the other textile schools a reasonable charge is made.

Out-of-State Students Taking Chemistry.—In one of the other textile schools a charge of \$10 for chemicals is made to out-of-state students taking chemistry, but at this school no charge is made.

Control Accounts.—It is suggested that control accounts be raised on the general ledger for key deposits, the athletic fund, trust funds and trust funds income and that the cash transactions affecting such accounts be entered on the general cash book.

Accounts Receivable.—As a matter of bookkeeping routine it is desirable that the income accruing to the Commonwealth on account of breakage be entered in the control accounts receivable account.

Locker Keys.—It would seem that all locker keys should be returned by the students at the end of the school year and that any money remaining in this account after that time should revert to the State Treasurer as income.

Trust Funds.—It was noted that the income from the E. P. Charlton, Jr., Scholarship Fund has not been expended annually, for instance, during the period under examination the income amounted to \$1,243.52, while the scholarship payments were only \$525 and that on March 17, 1937 there was \$5,427.93 of unexpended income on hand. It would seem as though the income should be expended annually or substantially so.

It was also noted that by a vote of the trustees, on February 14, 1934 the B. M. C. Durfee Trust Company of Fall River was given the custody of the securities, for which the trust company charges 5% on the gross income and 1% on the principal expenditures, which for the period under examination amounted to \$65.35. The question is raised if such an expense was contemplated by the donors, and it would seem that if the trustees do not care to assume the active management of these funds that the State Treasurer would appear to be the logical custodian thereby saving commission charges.

LOWELL TEXTILE INSTITUTE

Lowell Textile Associates, Inc.—Attention was called in a previous audit report to the transfer without authority of over \$10,000 of state funds to a private corporation, with the recommendation that these funds be transferred back to the state. As no action has been taken on this recommendation, it is now urged that these funds be immediately transferred back to the State Treasurer.

Special Service Fund.—It is again noted that instructors are being paid from the Special Service Fund. For the period under audit, of the \$4,603.31 collected by the institute for such service, \$3,461.49 was paid to instructors and \$1,141.82 reverted to the Commonwealth. Apparently there is no statutory authority for the payments to the instructors.

DEPARTMENT OF CIVIL SERVICE AND REGISTRATION

DIVISION OF REGISTRATION

Attention is called to section 9 of chapter 13 of the General Laws, which requires that the various boards of registration shall establish their offices in the State House. The office of the Board of Registration of Veterinary Medicine is in Gloucester, and the offices of four other boards, while located in Boston, are not in the State House.

It was noted that the general ledger in the Division of Registration shows a shortage of \$90 in the receipts of the Board of Registration of Nurses and \$51 in the receipts of the Board of Registration of Plumbers. It is again recommended that these shortages be cleared.

BOARD OF REGISTRATION OF BARBERS

Additional Revenue.—It is suggested that provision be made for the annual registration, with a reasonable fee, of all barber shops and barber schools.

BOARD OF REGISTRATION OF CERTIFIED PUBLIC ACCOUNTANTS

At the present time the accounts are kept in the office of the secretary of the board, 960 Park Square Building, Boston. In this connection attention is called to section 9 of chapter 13 of the General Laws, Tercentenary Edition, which states "The various boards of registration . . . shall establish their offices in the State House within the spaces already or hereafter assigned to the director of registration."

BOARD OF DENTAL EXAMINERS

It was noted that this board is not self-supporting, consequently it is suggested that the fees be revised sufficiently to accomplish this. In this connection it is suggested that the income could be increased by requiring annual renewal registration of dental hygienists with a reasonable fee, by establishing a fee for dentists' annual renewal duplicates, and by assessing a penalty for dentists' renewals issued after April first.

BOARD OF REGISTRATION IN EMBALMING

It is suggested that legislation be requested to increase the present fee of \$5 for examination and \$3 for re-examination for registration as an embalmer to at least \$10 and \$5, respectively.

BOARD OF REGISTRATION IN MEDICINE, INCLUDING CHIROPODY
AND THE

BOARD OF REGISTRATION OF NURSES

Increased Revenue.—Referring to the registration as a physician it is suggested that legislation be requested requiring the annual renewal of such registration, together with a reasonable fee.

Referring to renewal of nurse's registration it is suggested that the present annual renewal fee of 50 cents might well be increased to \$1. It is also suggested that in cases where nurse's registration has lapsed, that applicants be required to pay the annual renewal fee for the lapsed period, as well as the renewal fee for the current year—at present only a fee for the current year is charged.

Old Shortage, Board of Registration of Nurses.—The shortage of \$90 found when the accounts were audited for the period of July 21, 1934 to January 21, 1935 has not yet been adjusted—it is suggested that this shortage be cleared.

BOARD OF REGISTRATION IN OPTOMETRY

It was noted that this board is only a little better than 50% self-supporting—it is again recommended that fees be increased so that receipts account of income may bear a reasonable ratio to expenses.

BOARD OF REGISTRATION IN PHARMACY

Additional Revenue.—It is again suggested that the question of establishing a fee for the certificate of registration as a pharmacist and a fee for the annual renewal of such certificate of registration be considered. In this connection it is noted that for the 1936 year the expenses of the board exceeded the receipts by \$616.91, the expenses being \$25,685.91 as against receipts of \$25,069, in other words, the board was not self-supporting in 1936.

BOARD OF REGISTRATION IN VETERINARY MEDICINE

With reference to the office of the board being located in Gloucester, attention is called to section 9 of chapter 13 of the General Laws, which states:

“The various boards of registration and examination hereafter mentioned in this chapter shall serve in the division of registration and shall establish their offices in the state house within the spaces already or hereafter assigned to the director of registration.”

It was noted that the board is not self-supporting, for the 1936 fiscal year the net receipts account of income were only \$120 as compared with disbursements under appropriations of \$686.14, or an excess of disbursements over receipts of \$566.14.

It is suggested that in order to make the board more nearly self-supporting legislation be requested providing for annual renewal, with a reasonable fee, of registration certificates.

DEPARTMENT OF LABOR AND INDUSTRIES

License Forms.—It is recommended that the amount of the fee be printed plainly on all license and permit forms.

Homework.—It is suggested that an effort be made to establish a complete list of employers of industrial homeworkers and determine that all who should have paid the fee, in accordance with the law, have done so.

Advance Money.—At present the advance money is not entered in the cash book—it is suggested that in the future this be done. It is also suggested that vouchers be obtained when advance money is distributed to the different divisions.

DIVISION OF STANDARDS

Increased Revenue.—Hawkers' and pedlers' county licenses for which varying fees are charged up to \$10 and of which the Commonwealth retains only \$1 under the provisions of section 23 of chapter 101 of the General Laws—it is suggested that this chapter be amended so that the Commonwealth may retain a more equitable share.

Heavy scale tests are being made for which a truck with the necessary equipment was purchased in 1931 at a cost of \$7,000. Approximately 475 tests are made each year, and it is suggested that a reasonable fee, possibly \$5, be charged for each such test.

Approval of types of weighing and measuring devices used commercially are frequently requested of the director and it is suggested that a reasonable fee might well be charged for all such approvals granted.

Certificates of competency for measurer of leather are now being issued by the director without charge, and it is suggested that a reasonable fee might well be established.

DEPARTMENT OF INDUSTRIAL ACCIDENTS

Accounts Receivable.—It is suggested that all accounts over one year old be transferred to the Attorney General for collection.

Industrial Accident Fund.—It is suggested that a special control accounts receivable account be set up and that as soon as the board determines that an insurance company should pay, that the bookkeeper be notified in writing, this notifica-

tion to serve as the authorization for setting up the charge. It is also suggested that schedules of payments to insured persons be prepared monthly and forwarded to the Comptroller's Bureau.

DEPARTMENT OF CORRECTION

MASSACHUSETTS REFORMATORY

Maintenance Trade Schools.—It is suggested that the Comptroller's Bureau be requested to provide some form of production record, so that the disposition of the articles made may be readily traced.

Cloth and Furniture Industries.—It was noted that the cloth industry in 1936 showed the smallest net profit and the smallest percentage of profit to sales of any year in the last ten years—a very marked decrease in 1936 as compared with the 1935 year, the figures being:

Cloth Industry

	1935	1936
Net Sales	\$148,504 24	\$146,165 77
Net Profit	32,450 67	8,797 63
Per Cent of Profit to Sales.....	21 85%	6 02%

The furniture industry showed just the reverse for the 1935 and 1936 years, the figures being:

	1935	1936
Net Sales.....	\$93,900 46	\$100,483 84
Net Profit.....	6,884 01	18,552 48
Per Cent of Profit to Sales.....	7 35%	18 46%

It is suggested that the Department of Correction look into the matter of decreased profit in the cloth industry, as while the cost of raw materials increased in 1936 as compared with 1935, the price of raw materials also increased in the furniture industry and yet that industry showed not only an increase in net profit, but a substantial increase in per cent of profit to sales in 1936 as compared with 1935.

Automobile Repair Shop and Printing Shop.—It is again suggested that automobile repair and printing shops be operated either entirely as industries or as trade schools under the maintenance appropriation. The present arrangement whereby receipts are credited to the Industries Fund and most of the expenses including salaries charged to the maintenance appropriation is inconsistent to say the least.

REFORMATORY FOR WOMEN

Maintenance—Farm Accounts.—It was noted that it is still the practice to make butter, and as apparently butter can be purchased cheaper than it can be made, it is again suggested that this practice be discontinued.

It was also noted that three saddle horses which are the personal property of the superintendent are boarded gratis in the institution stable.

Industries Accounts.—It was noted that the total inventory adjustments increased from \$6,015.14 in 1935 to \$8,865.54 in 1936.

It is again suggested that the value of the live poultry be set up in the financial records.

It is also again suggested that the canning project be transferred from industries to maintenance.

Inmates' Accounts.—It is suggested that the institution make inquiries as to the proper disposition of the balance in the "Sundry Persons' Account."

STATE PRISON

Referring to the Industries Accounts it was noted that adjustments totaling \$69,519.31 were made in the stock ledgers during the 1936 year. Of this amount \$42,476.08 represents adjustments in Raw Materials and \$27,043.23 in Finished Goods. No reason can be seen for adjustments totaling any such amount and

especially is it difficult to understand why there should be adjustments in finished goods totaling \$27,043.23. Attention has been called repeatedly in previous audit reports to excessive adjustments and instead of the stores accounts showing improvement actually the adjustments were larger in 1936 than in 1935, the total adjustments in 1936 being \$69,519.31 as compared with \$69,063.05.

STATE PRISON COLONY

Industries

Insolvency.—It was noted that the industries are insolvent, being unable to meet currently their obligations. This condition is due to overproduction and purchasing together with the fact that the cash working capital is probably insufficient.

Machinery.—While \$62,528.78 worth of machinery purchased from a P.W.A. authorization was properly charged to machinery and credited to capital, \$23,448.93 representing labor and incidental costs in connection with the installation of the machinery was not entered in the industries records. It is suggested that this amount also be charged to machinery and capitalized.

Canning Equipment.—It was noted that \$11,681.81 worth of canning equipment was purchased under the P. W. A. authorization entitled "Industries Building and Equipment" and installed in the Industries Building. As a result the Commonwealth expended \$8,329.13 for equipment which has never been used and for which there was no immediate need.

Inventory Adjustments.—The inventory adjustments in both raw materials and finished goods made during the period under examination appear abnormally large.

Selling Price.—Attention is called to the fact that certain items are sold at less than cost.

Inmates' Account

It is suggested that a reasonable part of the balance (\$6,986.38 on May 25, 1937) of the Inmates' Personal Fund Account, Account No. 1, be transferred from a commercial account to a savings account.

DEPARTMENT OF MENTAL DISEASES

The previous audit report stated "It was noted that the business agent of the department is paid \$600 a year from the Rockefeller Foundation Grant for acting as treasurer of the grant. It is suggested that this payment be referred to the Comptroller's Bureau for a ruling as to whether it is proper to pay a state employee receiving a substantial state salary, a salary from the Rockefeller Foundation Grant." As the practice is still in effect attention is again called to this suggestion.

BOSTON PSYCHOPATHIC HOSPITAL

It is again noted that it is not the practice to refer uncollectible accounts to the Attorney General and that during the period under examination accounts totalling \$14,499.86 were charged off without authorization from that official. In this connection it is suggested that in the future no accounts be charged off without authorization from the Attorney General.

It is also noted that receipts on account of Board amounted to \$6,917.23 for the 1936 fiscal year as compared with \$13,131.65 in 1930, and a comparison of such receipts for the seven-year period follows:

Receipts on Account of Board

Fiscal year 1930	\$13,131 65
Fiscal year 1931	12,480 20
Fiscal year 1932	7,898 63
Fiscal year 1933	7,623 94
Fiscal year 1934	7,055 89
Fiscal year 1935	4,999 11
Fiscal year 1936	6,917 23

It is again suggested that the question of board of patients be reviewed to see if there is not some way in which this type of income may be increased.

Apparently it is not the practice to bill the Division of Child Guardianship or the Division of Juvenile Training for the board of wards of those divisions cared for in the hospital, and in this connection it is suggested that this matter be taken up with the Department of Public Welfare and if agreeable to all concerned render bills for the care and treatment of such state wards.

BOSTON STATE HOSPITAL

The task of verification of the records was a most difficult one due to resignations, and the general lack of supervision of the institutional activities by the steward's department and the financial division of the Department of Mental Diseases.

It was necessary to interview many of the employees to determine the propriety of certain charges. From the examination of the records supported by the interviews, many abuses, irregularities and violations of regulations and statutes governing state finances were disclosed. The violations were made by the institution steward with the apparent knowledge and apparent approval of the financial division of the Department of Mental Diseases.

Extravagance and waste prevailed throughout the institution due to improper management, supervision, and administration. A general laxity in ordinary business precautions by the steward, with the apparent knowledge and without disapproval of the financial division of the Department of Mental Diseases, was found through the examination.

Food.—As a result of the examination of the Food section of the stock ledger and an examination of the Food section of the institution budget for the fiscal year 1936 it was found that the basis for estimating the amount of money required for the purchase of food is based upon the patient population and not the total population of the institution. The major accounts in the Food section of the stock ledger were examined and the issues for consumption by the patients, employees and staff were tabulated.

Estimates of the funds necessary for the purchase of food are based upon the patient population. Food for the employees and staff is purchased from this appropriation, thereby reducing the amount of food purchased for the patients. Thus while the reports of the institution show a cost per day per patient for food served at the institution, this amount should be reduced by the cost of food served the employees and the staff to show a correct cost of the food served the patients.

It is recommended that the food estimates for the institution be based upon the total population and not upon the patient population, and that the amounts requested for the food for the patients, employees and the staff be shown separately in the budget estimates.

Special Appropriation.—Under the provisions of section 6c of chapter 29 of the General Laws, the legislature appropriated the sum of \$30,000 for the purchase of "Materials for W. P. A. Projects." An examination of the charges against this appropriation disclosed many serious violations. It was found that

1. The institution officials, with the knowledge and approval of the Financial Division of the Department of Mental Diseases charged \$8,479.92 against the Maintenance Appropriation, when the purchases were used on the Special Appropriation, "Materials for W. P. A. Projects." These charges violated sections 6a and 6c and section 26 of chapter 29 of the General Laws and chapters 304 and 432 of the Acts of 1936.

2. Invoices in excess of \$18,000, representing the payments for truck hire, were passed for payments without any time records being kept, thereby making it impossible to verify the charges.

3. 8,330 gallons of road binder were purchased in excess of the order placed by the Purchasing Bureau.

4. The institution requested and the business agent of the Department of Mental Diseases approved the request for the transfer of an incorrect amount from Maintenance to Special Appropriations. This request and approval was forwarded to the Comptroller by the business agent of the Department of Mental Diseases.

5. Crushed stone for use on the W. P. A. projects was purchased by the institution before any request had been made for a purchase order and before any purchase order had been issued by the Purchasing Bureau.

6. The institution steward and the business agent of the Department of Mental Diseases were lax in their duties in allowing invoices to be passed for payment without any means of verification.

7. The construction engineer in the Department of Mental Diseases was lax in his duties when he did not supervise the work carried on under the W. P. A. projects.

8. Two employees were hired to work on the P. W. A. projects and charged against Maintenance appropriation when the federal government was supplying the labor for the projects.

9. Equipment was purchased with P. W. A. funds to be used in a building constructed with P. W. A. funds and the equipment was used in the steward's and treasurer's offices in the administration building and in the medical building office. The P. W. A. building was left without this type of equipment.

GARDNER STATE HOSPITAL

Laundry Equipment.—For the purchase of laundry equipment \$4,000 was appropriated in 1935 and \$6,000 in 1936. The 1936 budget act containing this item was passed June 2, 1936 and by letter dated June 4, 1936 the Comptroller's Bureau notified the institution as follows: "As this appropriation is not in addition to the balance remaining from the appropriation made under item 472, chapter 249, Acts of 1935 it will be reverted to the State Treasury." The unexpended cash balance in the 1935 appropriation on the Comptroller's books on June 2, 1936 was \$686.48 which amount was reverted by the Comptroller, the authority for such reversion being section 15 of chapter 29 of the Tercentenary Edition of the General Laws which reads "An appropriation shall supersede an earlier one made for the same object." However, the institution did not revert the unexpended cash balance in the 1935 appropriation and in May 1937 charged an invoice of \$570 to it, leaving a balance of \$116.48 in this account according to their books. The invoice of \$570 was sent to the Comptroller's Bureau on a schedule dated May 28, 1937 and was passed for payment on June 16, 1937. This item was of course charged on the Comptroller's books to the 1936 appropriation. It is suggested that the Comptroller's Bureau be requested to provide the necessary adjusting entries to bring the institution records into agreement with the records in the Comptroller's Bureau.

GRAFTON STATE HOSPITAL

P. W. A. —Boiler Alteration.—The handling of this project evidenced waste, inefficiency, extravagance and a callous disregard of human life on the part of the engineers in the Department of Mental Diseases and the Commission on Administration and Finance.

Lack of funds cannot be blamed, as \$14,299.08 out of the total allotment of \$132,000 remained unexpended. The engineers are responsible for failure to use ordinary common sense in the preparation of the plans and in the engineering. The boilers were so constructed that once or twice a week a man must get in a pit under the fire boxes to clean out the vanes so the blower system can work. Each time a man goes into this pit his life is actually in danger, not only from the bed of coal resting on the grate directly above him, but also from the inhalation of gases. The institution superintendent orally and by letter has many times protested against this condition, and the only action was the purchase of an asbestos suit on December 22, 1937—this seems to be a poor substitute for good engineering and ordinary precautions to safeguard life.

Electric Light Contract.—Thousands of dollars have been lost because of negligence on the part of the engineer in the Department of Mental Diseases to properly follow the terms of the electric light contract.

Under date of June 15, 1929 a contract was entered into between the Department of Mental Diseases and the Worcester Suburban Electric Company to furnish electricity to the institution for a period of five years, termination being permitted by either party on ninety days' notice. The power was first used on September 18, 1930, consequently the contract expired on September 18, 1935, yet nothing had been done about renewing it as late as September 30, 1937. An invoice dated January 4, 1937 shows the cost per K.W.H. of \$.022 as compared with \$0.17 per K.W.H. charged the Westborough and Worcester State Hospitals.

During the audit this matter was called to the attention of the institution steward and from correspondence between the Department of Mental Diseases and the institution it was learned that possibly a saving of \$1,500 to \$2,000 a year will result under a new contract. In other words, had the matter been taken up at the time the old contract expired on September 18, 1935, thousands of dollars would have been saved—another example of negligence on the part of the department's engineer.

TAUNTON STATE HOSPITAL

Use of Medical Facilities.—It was noted that for the period from December 1, 1935 to August 19, 1937, approximately 468 laboratory tests were made without charge for the Morton Hospital of Taunton. It is suggested that the Morton Hospital be charged for the tests made, the charges to be in accordance with paragraph one of Regulation 16, of the Handbook of the Department of Mental Diseases, which states:

"1. The special medical facilities of the institution may in unusual circumstances be made available to persons in the community upon the request of a physician, at the direction of the superintendent. The charge for this service shall in no instance be less than the cost thereof."

Pay Rolls.—In connection with checking the pay rolls two instances were noted which appear to be violations of the Civil Service Law. The names of Mrs. Jane R. Smerdon appears on the pay roll from October 12, 1936 to June 12, 1937 as a charge attendant at a salary of \$840 and maintenance—it is understood that she actually did typing and clerical work. It was also noted that Miss Faith Findlay has been carried on the pay roll since August 20, 1935 as an attendant nurse at a salary of \$660 a year and maintenance—it is understood that she actually performed the duties of an assistant technician.

WESTBOROUGH STATE HOSPITAL

This audit has been made under trying conditions. After the discovery of the stock ledger discrepancies, hospital officials became frankly antagonistic. The steward refused explanations until after he consulted the head of the institution. The head farmer either did not know or wilfully concealed simple facts that were essential to an understanding of certain transactions. The indifference of the head cook regarding the service of palatable food to patients illustrated the feeling that prevailed in that department. This general antagonism among the officials created an atmosphere that was detrimental to securing the facts.

The organization is divided into small groups of employees, each one striving to gain some personal advantage. Members of several of these groups are relatives employed in the same department. They form a strong defense against lawful attempts to secure the real facts. There seems to be little unity or common purpose to the entire organization.

It is apparent that little thought has been given to the qualifications and previous experience of employees holding important key positions. Certain facts were determined during the examination relative to the employment of certain individuals in responsible positions whose previous history should have absolutely disqualified them.

Waste and extravagance to an incredible extent, hoarding of supplies and equipment in all departments, violation of regulations in the accounting system, indication of a lack of knowledge of even the most elemental principles of accounting, and absence of ordinary common sense in many of the transactions noted, point to weakness of administration which reflects seriously upon the ability of several department heads.

A steward with average business training and a head farmer with an understanding of the technical and administrative duties of their positions would never permit affairs to get into such a condition. Ever since the facts have been discovered there have been but feeble gestures towards instituting necessary reforms. What is to be done to correct this situation is the proper question for many officials.

During the course of this audit a conference was held at the institution. Representatives of the Department of Mental Diseases, Comptroller's Bureau, Purchasing Bureau, Department of Public Safety, Department of State Auditor and superintendent and steward of the institution attended. The bookkeeping system installed by the Comptroller's Bureau relative to stock ledger control, the discovered shortages, previous shrinkage, and adjustment charge-offs as well as other irregularities were discussed at great length.

Materials and Supplies Account.—In connection with the analysis of the materials and supplies account of the institution, it is interesting to note that the only adjustments that are recorded in this account are those relating to errors in invoices, freight and express charges. No adjustments relating to overages, shortages, spoilage, shrinkage, etc., have been recorded in this control account.

The materials and supplies account in the general ledger is a control account and should show in totals all individual transactions that have been recorded in the stock ledger, the stock ledger being a subsidiary of the general ledger. Adjustments of stock run into several thousands of dollars during a year at this institution. It is impossible to bring out in detail the effect the failure to have these adjustments recorded in the control account has on other financial records that have been made up from the general ledger.

The Audit report of the Boston State Hospital showed that practically the same condition existed there relative to shrinkage accounts carried on the stock ledger. The Department of Mental Diseases as well as the Commission on Administration and Finance received a copy of this audit report. Failure on the part of these two departments to take action relative to these shrinkage accounts would indicate that either the report was not read or that these departments sanction such procedure.

The Department of Mental Diseases requires a semi-annual ration report to be made out by each of the sixteen institutions in its group. To state in the ration report that meat shrinkages were consumed naturally varies the ration report. Therefore the ration reports made up at this and other institutions which employ the same system of recording shrinkages are valueless.

Recording Adjusting Entries.—Under the law it is not within the scope of the State Auditor to set up bookkeeping systems or to regulate operation of such systems. This function is vested in the Comptroller. Therefore it is recommended that the Comptroller be called upon to establish a uniform system of handling and recording adjustments, and approve or eliminate the shrinkage, waste, and bones, fats, etc., accounts in certain stock ledgers.

Physical Inventory.—The proper management of any business demands in the accounting a constant record of the use of materials and supplies because they represent cash. It is as important to take a complete physical count of materials and supplies as it is to take a complete physical count of cash. It is as important that materials and supplies be not misused, wasted, or stolen as that cash be not misused, wasted, or stolen. Therefore the only way to determine the proper control of the institution supplies is by taking a complete physical inventory as frequently as possible.

It is obvious that the steward has failed to carry out the instructions of the Comptroller's Bureau relative to inventory taking. He has also failed properly to safeguard property belonging to the Commonwealth.

Purchased Materials Stored.—The policy of purchasing as well as over-purchasing the actual requirements of materials for certain projects and allowing the material to be stored for a period of years is a practice that leads to waste and the unnecessary expenditure of public funds.

Repairs Ordinary and Repairs and Renewals.—The yearly purchases of materials and supplies for repairs ordinary and repairs and renewal projects amount to thousands of dollars. These purchases are chiefly made up of such items as cement, brick, lumber, paints, oils, varnishes, shovels, picks, tools, etc., none of which are recorded in the stock ledger. These items when purchased are charged directly to expense. Such a procedure not only results in the loss of control over these materials and supplies but also results in the over-stocking as well as the use of these materials and supplies on special projects, which is in violation of the statutes regulating the expenditures made from appropriations.

To maintain a stock-ledger control, over such items as toothpicks, buttons, shoe laces, hair pins, common and safety pins, and fail to control the purchases of much more expensive materials and supplies seems ridiculous.

Materials and supplies as well as certain equipment purchased as far back as 1925 are still stored at the institution. To purchase materials and supplies as well as hoard them not only results in waste and misuse but also ties up an unnecessary amount of cash.

Power.—There seems to be no definite policy laid down by anyone either in the Department of Mental Diseases or the Commission on Administration and Finance relative to whether institutions should purchase or manufacture power. The expenditures for purchased power in the institutions run into thousands of dollars.

Outside Maintenance.—The construction of buildings to house employees, the upkeep of these buildings, and the maintenance of employees, who are charged the sum of \$360 a year for maintenance, raises an important and far-reaching question of policy. Housing and feeding certain classes of institution employees is a costly item of the annual budget. When the expenditures for capital construction, the cost of upkeep of buildings, and the administrative difficulties brought about by this practice are considered, it is doubtful whether the custom of housing and feeding all institutions employees is profitable to the Commonwealth.

In view of the present overcrowding of patient population in these institutions and the demand for additional accommodations to be constructed at an approximate cost of \$2500 per bed, the elimination of the housing of employees would release a great deal of added space for patients. The Department of Mental Diseases is charged with the formulation of a proper construction program. This should not be inaugurated until a careful study is made and future policies of employee maintenance established.

It is recommended that the Governor request the Commission on Administration and Finance to make a complete and comprehensive survey of the entire matter of maintaining employees and to submit the facts obtained to the legislature for decision as to whether the practice should be continued.

Repairs and Renewals.—There has been no orderly or systematic method used in the preparing of the budgetary requests for repairs and renewals, resulting in the over-ordering and hoarding of materials and supplies. Neither has there been any systematic planning of new construction and equipment, resulting in the duplication of orders, orders being placed in excess of actual requirements, additions to new construction and equipment, maintenance appropriations used to finish special appropriations, and many costly extras. Long range supervision of construction is costly. The department receives the special appropriations. Therefore, it is the department's duty to prepare and supervise these projects.

Farm Production.—The policy of raising vegetables in excess of the institution needs, causing the surplus to be fed to the hogs, is not a sound financial one. It indicates a lack of co-operation between steward and head farmer relative to the institution's requirements both for fresh and canned vegetables.

The responsibility for the failure to record, intentionally or otherwise, the correct production on the farm report, rests upon the head farmer. In some instances, the procedure used in handling the production of farm products deprives the Auditor of the opportunity of properly auditing farm accounts. Unless the accurate production is recorded, it is impossible to trace the distribution of these products. Such a procedure deserves severe criticism.

WORCESTER STATE HOSPITAL

The audit of the special appropriations reveals even more vividly the conditions to which attention was called in the report of the special audit made of the Department of Mental Diseases. Glaring examples of failure to adhere to the provisions of the statutes, a complete disregard of obvious facts which could be secured by a closer relationship with the institutions and increased extras caused by the unwillingness of engineers to accept advice, characterize the handling of the special appropriations by the Department at this institution.

Attention is called to some of the more flagrant abuses that have existed. Many of these are due to the reluctance of department engineers to consult the hospital officials on construction projects. It would seem that the superintendent and Board of Trustees are better acquainted with the actual needs of the institution than any control body employee and their advice and assistance should be freely used in planning special projects.

It should be further pointed out that no small part of the waste and inefficiency in the expenditure for special appropriations is due to the lack of proper system of stock ledger keeping for materials and supplies. This is the direct responsibility of the Commission on Administration and Finance. Attention has been called to this fact in other reports.

The keeping of stock ledger accounts of such items as shoe laces, pins, buttons, toothpicks, etc., and the neglect to control such items as cement, tools, paint, lumber, bricks, etc., is an example of the system of stock ledger control in effect.

The difficulty of auditing these special appropriations is almost insurmountable because of the lack of records. Here again the Commission on Administration and Finance which has the power to set up regulations and systems of accounting has given very little thought to these special appropriations. Therefore, there are practically no records at the institution and few in the department which permit a proper check on expenditures. Even in those projects that are carried on under the direct supervision of the hospital there is no system of accounting required by the Commission on Administration and Finance for the purpose of controlling materials.

Orders are frequently placed by the Department of Mental Diseases without notifying the hospital. The result is confusion and misunderstanding. Inspection and acceptance of the completed projects are required of the hospital. Such responsibility is unfair unless it has a share in the preparation of the plans and specifications.

The following recommendations are made to correct a situation that is unsatisfactory and causes waste of materials and increased cost to the Commonwealth:

1. The Department of Mental Diseases should establish a system by which the hospital may have technical assistance in the preparation of plans for special appropriations. Instances of ridiculous estimates of cost are given in this report and plainly show the lack of thought and care that has been given to these important matters by the Department engineers. The hospital cannot prepare these estimates properly without technical assistance.

2. That engineers and architects be assigned to the hospital for the preparation of estimates for the more elaborate and costly projects. These specialists should work in collaboration with the hospital. A flat sum should be paid for such plans and they would then become the property of the Commonwealth without further liability towards the architects and engineers who proposed them.

3. The Department of Mental Diseases should be required to follow the provisions of the statutes which provide that all plans and specifications be approved by the Board of Trustees of the institution. Such approval should be required in writing by the Commission on Administration and Finance before the plans and specifications are submitted to the Governor and Council. If the hospital officials are to be held responsible, the responsibility should begin with the preparation of the plans.

4. It is recommended that the Comptroller set up a proper system of financial control in both the Department of Mental Diseases and the institutions. Records of every transaction should be available at both places to permit proper auditing. The Commonwealth spends many thousands of dollars on these specials and a rigid financial control is essential if it is to receive full value for the money expended. Materials represent cash and the control of them is fully as important as the control of actual currency. The present method is inexcusable.

5. Stock ledger control should be inaugurated in all cases where special construction is carried on by the institution. Materials purchased from these appropriations are charged directly against the project at the time of receipt and no further record of their distribution can be found. Such a system of material control does not accomplish control.

6. The payment of 27 per cent of the total contracts awarded on a project to an engineer in addition to the salary of a clerk of works, the passing for payment of architects' and engineers' expense vouchers without proper records of visits made to the project, the payment of fees for reports on plans and specifications, the failure to enter into a written and signed agreement with architects and engineers engaged to supervise projects costing millions of dollars, illustrates why a complete study of expenditures under special appropriations should be made by the Commission on Administration and Finance.

Repairs and Renewals

The audit of the repairs and renewal section of the maintenance appropriation of this institution, as well as other institutions under the Department of Mental Diseases, reveals certain facts that should be corrected by the Department of the Commission on Administration and Finance.

To illustrate some of these facts, attention is called—To the use of materials and labor purchased from maintenance appropriation in order to finish special appropriations. The elimination from the budgetary request of labor necessary for the installation of materials purchased results in waste, abuse, misuse and possibly theft of the materials purchased. The failure to provide proper stock ledger control of materials purchased.

It is recommended that a study be made by the Commission on Administration and Finance for the purpose of determining whether or not the Repairs and Renewals section of the maintenance appropriation should not be eliminated and such items so classified be put under special appropriations in the budgetary request.

It is further recommended that the Department of Mental Diseases' engineers assist the institutions in preparation of budgetary requests for repairs and renewals.

WRENTHAM STATE SCHOOL

Mary Cabot Briggs Fund.—For some years this fund was used to buy raw materials for the manufacture of arts and crafts. However, during the period under audit there were no disbursements made from this fund, nor have any disbursements been made for several years due to the fact that occupational therapy is now provided for by state appropriation. In view of the fact that there is no demand on this fund at present for its original intention, it was suggested in a previous audit report that the superintendent inform the donor of this condition in order that permission might be obtained from her to use it for some other worthy activity, as nothing is gained by allowing this fund to remain idle. The superintendent in a letter of June 5, 1936 to the Department of Mental Diseases stated that he had

talked with Dr. L. Vernon Briggs about spending some of this accumulated money and he informed the superintendent that he and Mrs. Briggs wish the fund to remain as is. However, it is again suggested that if possible some way be found to use this fund for the reason stated in the previous audit report, that nothing is gained by allowing this fund to remain idle.

DEPARTMENT OF PUBLIC WELFARE

DIVISION OF CHILD GUARDIANSHIP

Storeroom.—It is again noted that the storeroom is too small to properly handle the amount of stock now being carried, and it is again recommended that every effort be made to secure a storeroom of adequate size.

Trustee Accounts.—Referring to the trustee accounts Division of Child Guardianship, it is noted that there is no statutory authority for such funds, and it is suggested that permissive legislation be requested. Also that legislation be requested providing for the disposal of funds of persons who are no longer under the jurisdiction of the department and who have apparently disappeared.

Referring to the wage ledger accounts of the wards of the Division of Child Guardianship, it is recommended that the Comptroller's Bureau be requested to set up a controlling account for such ledger accounts.

BOYS' AND GIRLS' PAROLE BRANCHES

It is again suggested that the Attorney General be requested to decide what disposition may be made, if the wards cannot be located, of the savings bank book owned by the wards now being held as property.

Referring to the wage reports it was suggested in the previous audit report "that the Comptroller's Bureau be requested to set up all necessary accounts, including a control account, so that the exact amount due on account of wages may be available." Up to July 1, 1937 this suggestion had not been adopted, but it is understood that a revised system including a control account will be set up as of October 1, 1937.

The previous audit report also suggested "that the question of the responsibility and liability of the Commonwealth to the wards in cases where the employer does not pay be referred to that official for determination." As apparently the division has not submitted this question to the Attorney General, it is again suggested that the division do so.

INDUSTRIAL SCHOOL FOR BOYS

Materials for Construction of Swimming Pool.—The sum of \$1,500 was allowed in the repairs and renewals section of the 1936 maintenance appropriation of which \$1,487.38 was spent for materials, etc., in the fall of 1936. It was noted however, that as late as June 8, 1937 that the construction of this pool had not even been started—it would seem that a project provided for in the 1936 appropriation and for which materials were actually purchased in the fall of 1936 should at least have been started by June 8, 1937.

Requisitions.—It was noted that requisitions from cottages for meats, pastry and green vegetables were and are being filled by the general kitchen and not by the storehouse. It was also noted that requisitions made out by the superintendent and assistant superintendent for such items for use in their homes were valueless, as apparently the requisitions were not actually sent to or seen by the general kitchen, the practice being to telephone the orders to the general kitchen. The attention of the Comptroller's Bureau has been called to the method of handling requisitions and issues, with the suggestion that all supplies be issued from the storehouse in the regular approved manner.

Inmates' Accounts.—It is suggested that the Attorney General be requested to decide what disposition may be made of the balance of \$213.16 now in the account entitled "Runaways."

INDUSTRIAL SCHOOL FOR GIRLS

Farm Accounts.—The farm accounts were not examined as the farm report for the fiscal year ended November 30, 1936 had not been made out as late as May 21, 1937—a similar situation prevailed last year as the November 30, 1935 farm report had not been made out by May 20, 1936. There is no valid excuse for a report of November 30 not being available six months later, and when this situation occurs two years in succession, it is obvious that the farm accounts are not functioning properly.

Maintenance Stores Accounts.—It was noted that all requisitions for meat, fresh fruits and dried fruits were actually made out by the storekeeper—the storekeeper used his requisition book for this purpose. The requisitions did not bear signatures acknowledging receipt of the supplies by the person to whom delivered and items for several cottages appeared upon the one requisition. It is suggested that this practice be discontinued and that each cottage be required to make out its own requisitions and that signatures be obtained when supplies are delivered.

The Fay Trust Fund.—The will of Frances B. Fay dated January 25, 1861 provides "I give and bequeath to the Trustees of the Industrial School for Girls one thousand dollars . . . and the interest annually divided between the best girl in each house in said institution." The wording would seem to indicate that it was mandatory to expend the interest annually, yet for several years no expenditures have been made and the income has been allowed to accumulate until on April 30, 1937 the unexpended income amounted to \$284.16.

LYMAN SCHOOL FOR BOYS

Referring to fuel oil it was noted that the stock book showed 1,159.18 barrels (42 gallons to a barrel) valued at \$1,935.62 more than was actually on hand in the tanks on September 30, 1937—as there are no gauges or meters on the pipe lines this variance is probably due to incorrect estimates of fuel oil used. It is suggested that the installation of gauges or meters be considered so that the oil used may be accurately measured.

Referring to boys' clothing it was noted that boys' suits, shirts, etc., to the value of \$762.72 are included in the stock. These articles have been in stock for many years and are now obsolete and unfit for use. It is suggested that authorization be secured for the disposal of these items.

Farm Accounts 1936.—The farm accounts for the 1936 fiscal year were not kept in a satisfactory manner. It is suggested that all concerned in the farm accounting, including the head farmer, read carefully the Comptroller's instructions relative to farm accounting.

MASSACHUSETTS HOSPITAL SCHOOL

It was noted that the annual report of the Trustees of the Massachusetts Hospital School for the year ending November 30, 1936 makes no mention of trust funds. The trust funds held by the trustees totaled \$117,651.28 on July 1, 1936 and \$121,063.85 on June 9, 1937, and it is suggested that in the future financial statements and a brief description of such trust funds be included in the trustees' annual report.

STATE INFIRMARY

Maintenance Stores.—There appears to have been some laxity or carelessness in the handling of the stores and the stock records.

It was noted that the 1936 issue requisitions of February to October, inclusive, could not be located and apparently had been destroyed.

The adjustment requisitions did not bear the approval of the superintendent as is required by the Comptroller.

The storekeeper's receiving book is not being used in accordance with the Comptroller's instructions, as instead of sending one copy daily to the steward's office, the copies are held from a week to a month before being sent.

Overages in certain of the meat accounts would indicate either incorrect weighing or incorrect inventories.

No control account is kept for farm produced pork.

The storeroom requisition book showed that fairly substantial quantities of farm produced vegetables had to be charged off on account of spoilage.

During the 1937 fiscal year thousands of pounds of beef suet were, instead of being issued to the kitchen, sold to a rendering company, yet lard was purchased. Thousands of pounds of meat bones were also sold to a rendering company without any apparent effort having been made to utilize the bones for soup stock.

It is recommended that the maintenance store and store accounting system be reviewed, to the end that full utilization may be made of all foods purchased, and that the stores may be handled in accordance with the Comptroller's regulations.

Farm Accounts.—It is suggested that more care be used in compiling the live-stock census reports, and that the farm animals be valued in accordance with the Comptroller's letter of instruction dated January 12, 1923.

Private Patients.—The hospital records indicate that persons have been treated and no charge set up in the financial records—it is again suggested that some system be provided so that the treasurer's office will be notified promptly of all cases treated.

Patients' Fund.—It is again suggested that the Comptroller's Bureau be requested to provide a columnar cash book, with one column on the credit side reserved for payments to the canteen. It is also suggested that if practical, the patients' requisitions be serially numbered.

DEPARTMENT OF PUBLIC HEALTH

Lecture Service.—Although the department's own rule established September 1, 1932 provides that "organizations arranging for speaking dates by members of the staff are expected to pay the traveling expenses incident thereto," out of approximately 1,100 lectures delivered during the period under audit by members of the department, the bookkeeping records show reimbursement was collected in only six instances and totaled only \$11.03. It is recommended that all lecture cases be reviewed, and where proper, reimbursement for the travel expenses be collected.

Referring to non-alcoholic beverage permits issued by the local municipalities, one-half the \$20 fee of which is returned to the State Department of Public Health, it is suggested that the Comptroller's Bureau be requested to review this matter and if practical arrange for the state department to supply the local authorities with properly designed, serially numbered permit forms.

Increased Revenue.—It is suggested that legislation might well be requested requiring the city or town to return to the department one-half of the fee collected for issuance of permits to manufacture ice cream, as is now being done in the case of local permits, issued for non-alcoholic beverages.

NORTH READING STATE SANATORIUM

Comment has been made in the audit reports of previous examinations of the practice of charging the parents for clothing issued to certain children, and attention is again called to this matter as such charges are apparently illegal. (Opinions of the Attorney General 1920, pages 102-104.)

It was noted that in one instance money received from parents of children for extra dental work was used to pay the dental company for materials purchased—receipts of this kind should be treated as income.

PONDVILLE HOSPITAL

Outstanding Accounts Receivable.—It was noted that the unpaid private cases, including those with the Attorney General for collection have increased from \$6,752.06 on May 1, 1932 to \$23,947.81 on April 27, 1937, and it is again suggested that after a bill remains unpaid for a certain length of time that the status of the case be changed from private to city or town, provided settlement can be determined. It is also suggested that all unpaid accounts over one year old be sent to the Attorney General for collection.

Patients' Funds.—It is suggested that a register be secured, the lines on the pages to be serially numbered to correspond with the patients' numbers, and in which the receipt and disposition of patients' monies and valuables will be recorded. It is also suggested that if possible monies now on hand belonging to former patients be returned to them, and that if this proves impossible, then it is suggested that the Attorney General be requested to rule what disposition may be made of such monies.

DEPARTMENT OF PUBLIC SAFETY

Increased Revenue.—It is again suggested that the fees for licenses and inspections be materially increased—for instance the annual renewal fee of an elevator operator's license is only 50 cents, the fee for the inspection of moving picture apparatus is 50 cents and most of the other license and inspection fees are correspondingly low. It is also suggested the licensed engineers and firemen be required to renew their licenses annually for which a reasonable fee should be established—this would also provide the Department with some control over such engineers and firemen.

Review of Income Accounting System.—It is suggested that the Comptroller's Bureau be requested to survey all records now in use in connection with the issuance of licenses, certificates of inspection, Lord's Day permits and other forms of income and to provide an adequate income accounting system.

Private Detective Licenses.—It was noted that two companies are listed in the classified section of the telephone directory under the heading of private detectives, one from 1934 to 1937, inclusive, and the other during the period from 1930 to 1937, inclusive. Referring to section 22 of chapter 147 of the Tercentenary Edition of the General Laws, it would appear that the two companies should have paid the yearly fee as required by law during the period for which they listed themselves as private detectives.

It is suggested that in the future the entire matter of licensing private detectives be followed carefully to the end that the law is complied with and the Commonwealth receives the income to which it is entitled.

Ticket Agencies.—It was found that license fees were uncollected in the amount of \$2,000 at the date of audit, June 25, 1937. Since that date \$400 has been collected, leaving a balance due and uncollected of \$1,600.

It is suggested that a close checkup be made in the future to determine that persons engaged in this type of business are paying the fee prescribed by law.

Boiler Inspection Reports.—It is suggested that sufficient data on individual inspections be filed with the 10-day reports to allow immediate billing of individuals for such inspections made.

Inspection of Petroleum Products.—It is suggested that when possible, collection of the \$1 fee be made by the inspector who takes the sample for analysis purposes—the inspector to be provided with a triplicate copy serially numbered receipt book.

Professional Boxers.—It is suggested that the representative of the Boxing Commission receiving payments in full or in part for a license give the boxer a receipt taken from a serially numbered triplicate copy receipt book, for all such monies paid to him by the boxer.

Free Licenses to Physicians.—It is suggested that a separate license form be printed for issue to physicians working at amateur boxing shows, such forms to have the word "FREE" plainly printed thereon.

DEPARTMENT OF PUBLIC WORKS

Separate Appropriations.—It is suggested that consideration be given to the thought of requesting separate appropriations for Engineering Personal Services, Purchase of Rolling Stock and Repairs to Rolling Stock. It would seem in view of the large expenditures under such classifications that a segregation by legislative appropriations would be desirable.

Advance Money.—It was noted that in some instances employees did not return their advance money due November 30, 1936 until well into 1937—employees should be required to return and account for their advance money each November 30. It is again suggested that a signed voucher be secured to cover each permanent advance made to employees.

Outdoor Advertising.—Applications for permits, both new and renewal, are oftentimes delayed due to the fact that the commissioners are obliged to pass upon them. This no doubt is due to the pressure of more important business at hand. It is suggested that the director of the division be given authority to pass on such permits, and that he turn over to the commissioners a report of all authorizations given by him.

Inventory Control Account.—The value of supplies carried at both the storeroom at 100 Nashua Street and at the D Street Garage warrants a tie-up with the general books of the department. It is suggested that the Comptroller be requested to provide for the inclusion of an inventory control account in the general ledger of the department.

Accounts Receivable.—Accounts totalling \$53,154.18 are with the Attorney General for collection and it is suggested that the Attorney General be requested to devise as to the status of such accounts. Referring to overdue accounts not yet transferred to the Attorney General, it would seem as though such accounts should be more closely followed up by using the detailed statement of open accounts prepared monthly.

Reimbursement of Damage to Guard Rails and Roads.—At present, information regarding damages to guard rails and damages to roads is received in the form of a report from the office of the district engineer. If an accident should occur of which the district office had no knowledge it would be possible that no charge would ever be made for such damages. It is suggested that the co-operation of the local chiefs of police be sought to the end that a notification be sent by them to the department of all accidents happening on state roads in their locality.

As the greater part of the reimbursement for road damages received is for tree trimming or inspection relative to permits for the erection of poles, wires and overhead structures, the basis for the charges made are the reports of the inspectors. It is suggested that such reports be segregated, and held available until after the completion of the annual audit.

Cape Cod Canal Pier.—Reports are received from this pier weekly and are compiled in such a manner that they are difficult to use as the basis for billing. This is due mostly to overcrowding the report. It is suggested that reports be sent to the Boston office twice each week, and that all such reports be signed by the person in charge of the pier.

Pay Roll Signature Cards.—It is suggested that the signature cards of persons employed should be sent to the Boston office immediately. The name of the employee should be printed plainly on the reverse side of the signature card as an aid in filing.

DEPARTMENT OF PUBLIC UTILITIES

It was noted that the net cost of maintaining the department increased from \$99,441.53 in 1935 to \$178,472.71 in 1936 due to increased expenditures and the discontinuance (chapter 411 of the Acts of 1935) of certain assessments. The following statement shows a summary of the disbursements under appropriations and the receipts account of income for the 1935 and 1936 fiscal years:

Summary of Disbursements under Appropriations and Receipts Account of Income

	1935 <i>Fiscal Year</i>	1936 <i>Fiscal Year</i>
Disbursements Under Appropriations.	\$303,728 46	\$361,956 98
Receipts a/c Income.	\$134,471 70	\$149,461 53
Assessments on Public Utilities.	40,321 00	—
Assessments—Smoke Abatement.	28,672 92	33,659 44
Assessments—Expenses of Railway Inquests.	821 31	363 30
Total Receipts a/c Income and Assessments.	\$204,286 93	\$183,484 27
Net Cost to the Commonwealth.	\$99,441 53	\$178,472 71

It is recommended that every effort be made to increase the income and in this connection the following suggestions are offered:

Increased Revenue.—It is again suggested that legislation be sought to permit of a fee being charged when authorization is granted to transfer a carrier plate from one vehicle to another.

It is understood that a permit granted for the operation of a bus is good for the life of the bus—it is suggested that a yearly fee be charged for the annual renewal of such a permit.

Fees are being charged in the Public Service Division for copying permits and licenses and it is suggested that a fee should be charged by the Railway and Motor Bus Division for compiling and copying certified statements for legal use.

METROPOLITAN DISTRICT COMMISSION

Inventory Control Account.—It is suggested that the Comptroller's Bureau be requested to survey the several storage yards and stores records and set up regular stock ledgers with a stock ledger control account in the general office.

Joseph M. Vucassovich Account.—The old balance due November 30, 1934 of \$40,609.95 remains the same on November 30, 1936, and it is suggested that in view of the successful and profitable season enjoyed generally by summer resorts in 1936, that every effort be made to secure a substantial payment from Vucassovich.

Appalachian Mountain Club.—It was suggested in the two previous audit reports and is again suggested in this report "that a yearly rent be charged commensurate with the benefit derived by the club from the use of the land."

